409th CSB

Source Selection Fundamentals

as of March 22, 2012

Best Value Concept

The objective of source selection is to select the proposal that represents the best value. (FAR 15.302)

"Best value"
means the expected outcome of an acquisition that, in the Government's estimation, provides the greatest overall benefit in response to the requirement. (FAR 2.101)

Best Value Concept, cont.

There are two Best Value source selection approaches:

1. **Tradeoff Process (FAR 15.101-1)**
   - All evaluation factors and sub-factors and their relative importance shall be clearly stated in the RFP
   - RFP shall include a clear indication of the relative weight of non-cost factors/sub-factors to cost factors
     - Significantly More Important Than Cost/Price or
     - Approximately Equal to Cost/Price or
     - Significantly Less Important Than Cost/Price
   - Allows business judgment and flexibility, but tradeoffs and benefits to Government must be documented and consistent with RFP

Best Value Concept, cont.

2. Lowest Price Technically Acceptable (FAR 15.101-2)

Use where there is no value to the government in exceeding the minimum requirements

Typically for supplies, commercial items, or non-complex services that are clearly defined and low risk

Criteria established as GO/NO GO factors

Proposals are evaluated for acceptability

No tradeoffs permitted

Award to lowest evaluated price of technically acceptable proposal

Exchanges (clarifications, communications, and discussions) may be used as appropriate

Source Selection Key Players

- SSA – Authority
  - Commensurate with the complexity and dollar value of the acquisition
  - Acquisitions < $100M may be the KO unless the Agency head or designee appoints another individual
  - Acquisitions > $100M must be other than the KO
- SSEB – Evaluation Board
  - Will be comprised of a chairperson and evaluators
  - May be organized in functional teams
- SSAC – Advisory Council/Board/Panel (if required)
  - Must Have a SSAC for All Acquisitions > $100M
  - May Have a SSAC for Acquisitions < $100M (Optional)

SSA Responsibilities

- Establish an evaluation team tailored for the acquisition
- Approve source selection plan before RFP release
- Ensure consistency between RFP, SSP, and evaluation criteria
- Ensure evaluation is completed as stated in RFP
- Consider recommendations of SSAC, as applicable
- Independently select the source(s) whose proposal is the best value to the government
- Compare proposals when SSAC is not used

Evaluate all offers completely and consistently with RFP
Evaluate each offer on its merits against evaluation factors and sub-factors only
Document any strengths, weaknesses, and deficiencies for each proposal with respect to the RFP evaluation criteria
Brief SSA and SSAC, as applicable, on consensus of evaluation findings
Prepare Evaluation Notices (ENs) as applicable
Provide written report or briefing charts with evaluation results and supporting narratives
NOT compare proposals against each other

Provide oversight to the SSEB
Consolidate the advice and recommendations from the SSAC members into a written comparative analysis and recommendation for the use of the SSA
Ensure that minority opinions within the SSAC are documented and included within the comparative analysis
Support the SSA as necessary during the evaluation process

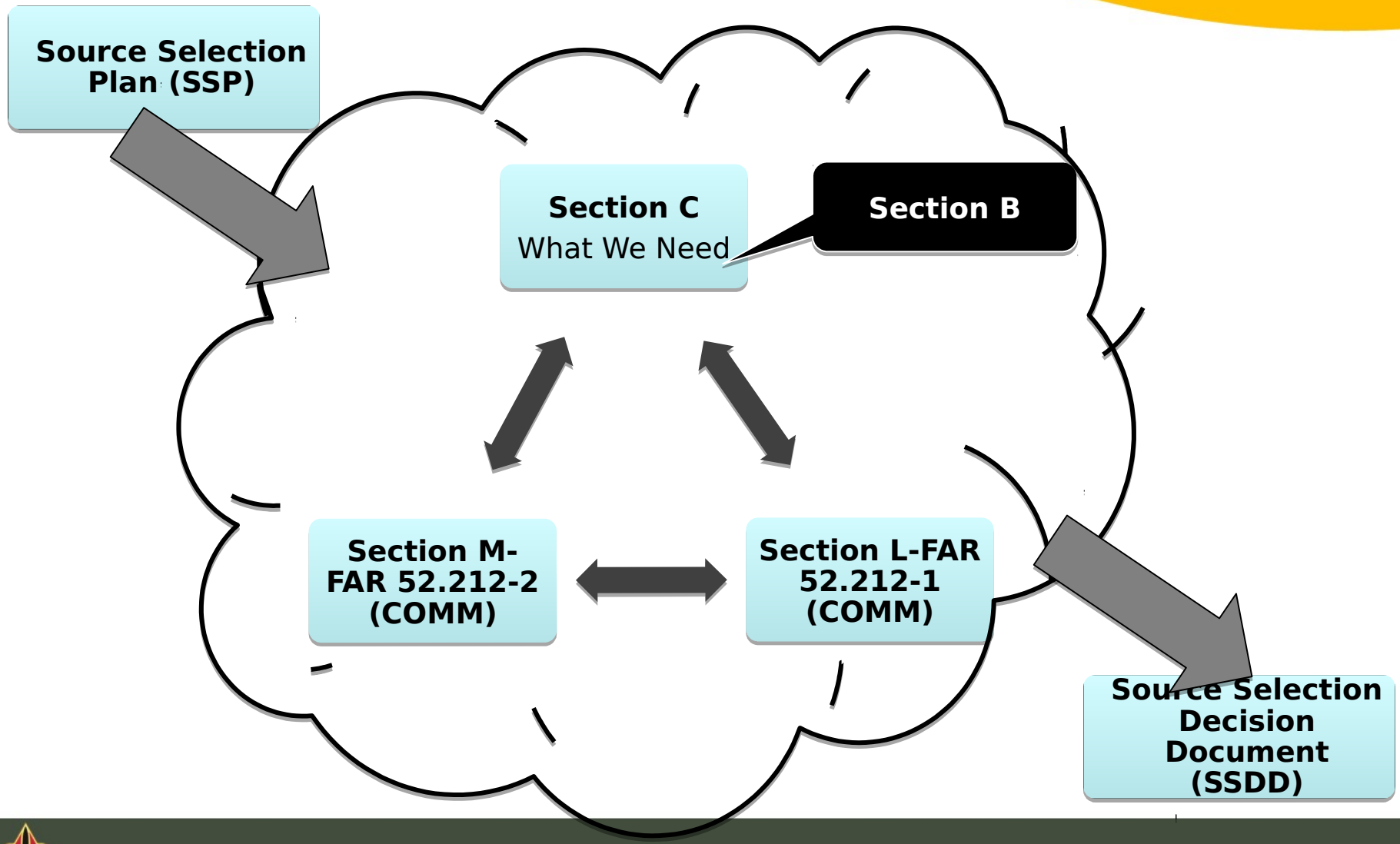
Source Selection Best Practices

- Avoid “boilerplate” evaluation factors and sub factors
- Develop SSP, proposal instructions (Section L), and evaluation criteria (Section M) consistent with and supportive of the PWS
- Plan closely with the Requiring Activity to resource the evaluation team
  - Right people with the right experience and the right skills
  - Available and dedicated throughout the evaluation process
- Document the record to demonstrate consistent findings and decisions which are logical and reasonable
- BE CONSISTENT WITH THE RFP!!!

Source Selection Elements

Alignment of Source Selection Elements
Source Selection Plan
Evaluation Factors
Evaluation Documents
Source Selection Decision Document (SSDD)
Detailed Alignment of Source Selection Elements

Alignment of Key RFP Sections



as of March 22, 2012

Source Selection Plan:

Contains who, what, where, when, and how of evaluation process

SSP contains evaluation criteria and relative order of importance of factors and sub-factors consistent with RFP

- Commercial items – FAR Clauses 52.212-1 and 52.212-2
- Non-Commercial items – Section L and Section M

Source Selection Elements,

Evaluation Factors:

- Shall be the primary determinant of the detailed information requested in the solicitation's instructions to offerors
- Tailored to fit the acquisition (market research, customer requirements, acquisition objectives, risk)
- Be discriminators to support meaningful comparison between proposals to ensure best value selection
- Be definable and measurable (can be qualitative, quantitative, or a combination)
- Must include price/cost and past performance evaluation criteria

▪ Past performance must be evaluated subject to established thresholds unless KO documents the reason past performance is not appropriate

Source Selection Elements,

Evaluation Documentation Must:

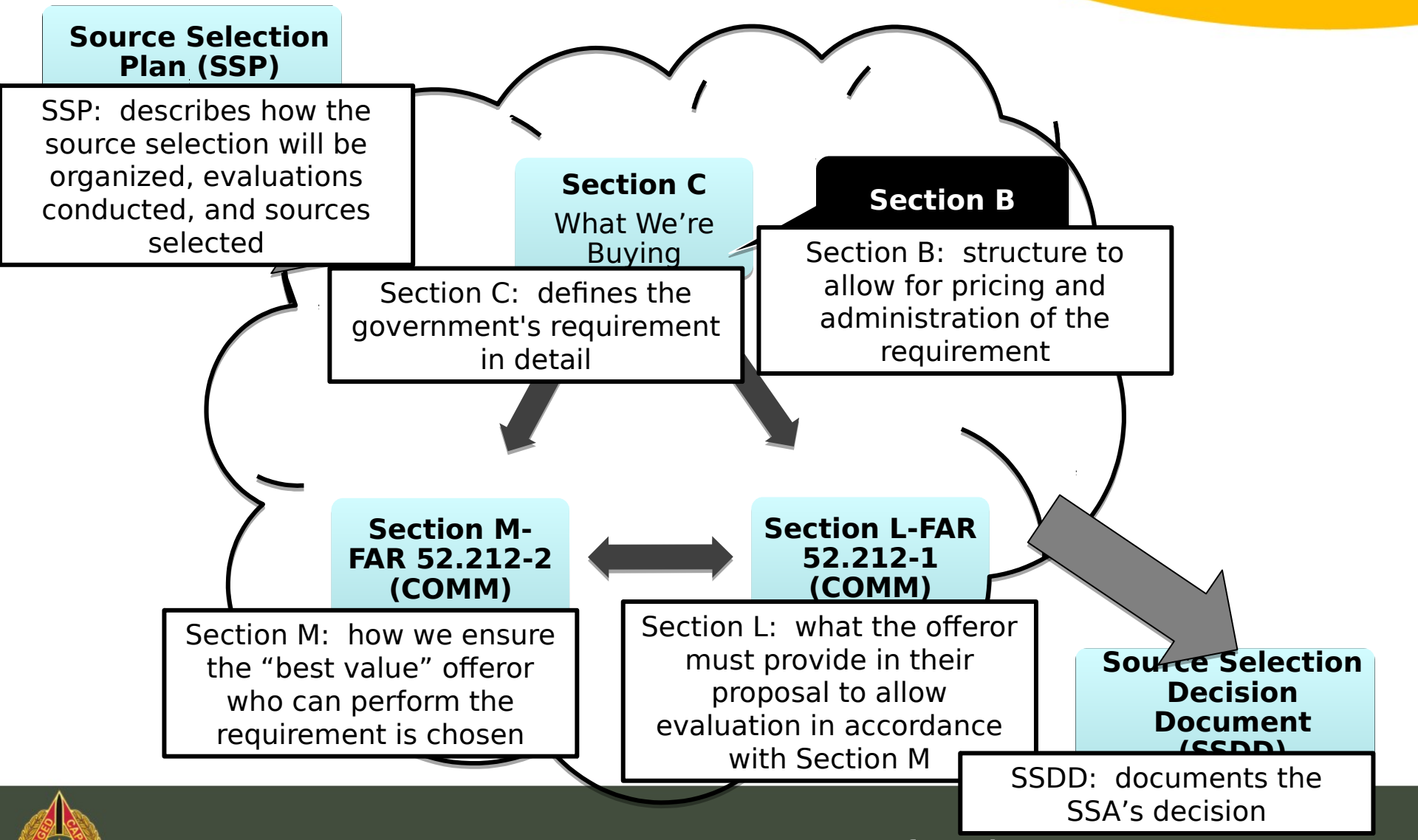
- Reflect consistent application of evaluation criteria by each evaluator and the panel
- Demonstrate a rational relationship to the announced evaluation criteria
- Demonstrate that evaluations and decisions based on those evaluations are logical and consistent with the RFP
- Provide for a reasonable evaluation of an offeror's past performance
- Provide for a reasonable cost/price analysis, including cost /price realism (as appropriate)

Source Selection Elements,

Source Selection Decision Document (SSDD)

- The purpose of the SSDD is to document the SSA's independent ,integrated, comparative assessment and decision, and shall include:
  - The rationale for any business judgments
  - Trade-offs made or relied on by the SSA
  - Benefits associated with additional costs
- Shall be the single summary document supporting selection of the best value proposal consistent with the stated evaluation criteria
- Is fully releasable to the Government Accountability Office (GAO) and others authorized to received proprietary and source selection information

Alignment of Key RFP Sections


Source Selection Plan (SSP)
SSP: describes how the source selection will be organized, evaluations conducted, and sources selected
Section C
What We're Buying
Section C: defines the government's requirement in detail
Section B
Section B: structure to allow for pricing and administration of the requirement
Section M-FAR 52.212-2 (COMM)
Section M: how we ensure the "best value" offeror who can perform the requirement is chosen
Section L-FAR 52.212-1 (COMM)
Section L: what the offeror must provide in their proposal to allow evaluation in accordance with Section M
Source Selection Decision Document (SSDD)
SSDD: documents the SSA's decision

as of March 22, 2012

DoD Source Selection Procedures
Effective 1 July 2011

DoD Source Selection

- Procedures designed to provide for uniform source selection guidance within the Department and simplify the source selection process
- Memo introduced changes 4 March 2011 with effective date 1 July 2011
- Prescribed by DFARS 215.300
  - http://www.acq.osd.mil/dpap/policy/policyvault/USA007183-10-DPAP.pdf
- Applies to ALL FAR Part 15 procurements
- Include standardized rating criteria and definitions for Quality and Past Performance factors
- Add new requirements for the SSAC
- DoD Source Selection Procedures (Chapter 4) includes a required list of documents to be included in the file
- DoD Source Selection Procedures (Appendix B) includes a detailed debriefing guide, including FAQS

DoD Source Selection Procedures, Cont.

DoD Source Selection Procedures do not apply for:

- Acquisitions where the only evaluation factor is price
- Streamlined Acquisition in accordance with FAR Part 12.6
- FAR Part 13
- MATOC Orders
- Acquisitions Using FAR Part 8.4 (Federal Supply Schedules-FSS)
- Architectural and Engineering (A&E) services
- It is for a Broad Agency Announcements (BAA) for Basic Research
- Small Business Innovative Research (SBIRs), Small Business Technology Transfer Research (STTRs), Small Business Technology Transfer (SBTTs), and 15 USC 638 Acquisitions

Market Research/Industry

- Market research is “FOUNDATION” of a successful source selection
  - Early industry involvement is “VITAL”
  - “Market research significantly influences the work statement, is CENTRAL to designing an acquisition strategy, and identifying candidate evaluation criteria which influence the overall source selection process.”
- Industry days “Highly Recommended” for all acquisitions
- Draft RFPs “Highly Recommended” for all acquisitions

Mandatory Evaluation Criteria

- Cost or Price
- Past Performance
  - KO can waive under certain circumstances (FAR 15.304(c)(3)(iii))
- Quality (any non-cost/price factor other than past performance, to assess the offeror's proposed approach to satisfy the government's requirements)
  - Compliance with RFP
  - Technical Excellence
  - Management Capability and/or approach
  - Experience
  - Personnel Qualifications
  - Risk
  - Facilities
- In some cases: Small Business participation (CONUS only)

Risk

- Risk assesses the degree to which the offeror's proposed technical approach may cause disruption of schedule, increased costs, degradation of performance, the need for increased government oversight, or the likelihood of unsuccessful contract performance.
- Can be evaluated in one of two ways:
  - Inherent in the technical evaluation
  - As a separate risk rating

<u>ALL EVALUATIONS THAT INCLUDE A TECHNICAL EVALUATION FACTOR SHALL ALSO CONSIDER RISK</u>

DoD Source Selection Procedures, Cont.

Quality and Risk Ratings

- Quality Ratings:
  - Outstanding (BLUE)
  - Good (PURPLE)
  - Acceptable (GREEN)
  - Marginal (YELLOW)
  - Unacceptable (RED)
- Quality Risk Ratings:
  - Low
  - Moderate
  - High

Quality Rating Definitions

- Outstanding (BLUE): "Proposal meets requirements and indicates an exceptional approach and understanding of the requirements. Strengths far outweigh any weaknesses. Risk of unsuccessful performance is very low."
- Good (PURPLE): "Proposal meets requirements and indicates a thorough approach and understanding of the requirements. Proposal contains strengths which outweigh any weaknesses. Risk of unsuccessful performance is low."
- Acceptable (GREEN): "Proposal meets requirements and indicates an adequate approach and understanding of the requirements. Strengths and weaknesses are offsetting or will have little or no impact on contract performance. Risk of unsuccessful performance is no worse than moderate."
- Marginal (YELLOW): "Proposal does not clearly meet requirements and has not demonstrated an adequate approach and understanding of the requirements. The proposal has one or more weaknesses which are not offset by strengths. Risk of unsuccessful performance is high."
- Unacceptable (RED): "Proposal does not meet requirements and contains one or more deficiencies. Proposal is unawardable."

Risk Rating Definitions

- Low: Has little potential to cause disruption of schedule, increased cost or degradation of performance. Normal contractor effort and normal Government monitoring will likely be able to overcome any difficulties.
- Moderate: Can potentially cause disruption of schedule, increased cost or degradation of performance. Special contractor emphasis and close Government monitoring will likely be able to overcome difficulties.
- High: Is likely to cause significant disruption of schedule, increased cost or degradation of performance. Is unlikely to overcome any difficulties, even with special contractor emphasis and close Government monitoring.

Past Performance Evaluation

- Considers each offeror's demonstrated recent and relevant record of performance in supplying products and services that meet the contract's requirements
- Past Performance has TWO separate ratings:
  1. Relevancy
     - Can use all four relevancy criteria or only two - "Relevant" and "Not Relevant"
     - Criteria to determine what is relevant and recent:
       - Unique to each source selection
       - Must be stated in the RFP
  2. Performance Confidence Assessment
     - How Well the Contractor Performed on Previous Contracts
     - Does Not Establish, Create, or Change the Existing Record and History of Past Performance
     - Gathers Information from Customers and Existing Databases

Past Performance Relevancy Rating Definitions

- Very Relevant: Present/past performance effort involved essentially the same scope and magnitude of effort and complexities this solicitation requires.
- Relevant: Present/past performance effort involved similar scope and magnitude of effort and complexities this solicitation requires.
- Somewhat Relevant: Present/past performance effort involved some of the scope and magnitude of effort and complexities this solicitation requires.
- Not Relevant: Present/past performance involved little or none of the scope and magnitude of effort and complexities this solicitation requires.

Performance Confidence Assessment Definitions

- Substantial Confidence: Based on the offeror's recent/relevant performance record, the Government has a high expectation that the offeror will successfully perform the effort.

- Satisfactory Confidence: Based on the offeror's recent/relevant performance record, the Government has a reasonable expectation that the offeror will successfully perform the required effort.

- Limited Confidence: Based on the offeror's recent/relevant performance record, the Government has a low expectation that the offeror will successfully perform the effort.

- No Confidence: Based on the offeror's recent/relevant performance record, the Government has non expectation that the offeror will be able to successfully perform the required effort.

- Unknown Confidence (Neutral): No recent/relevant performance record is available or the offeror's performance record is so sparse that no meaningful confidence assessment can be reasonably assigned.

LPTA

- Chapters 1 – 5 of the DoD Source Selection Guide Apply
  - Except for 3.1, 3.7, and 3.8
  - Comparative analysis not required for LPTA
- Quality Factor Rating
  - Acceptable: Proposal clearly meets the minimum requirements of the solicitation.
  - Unacceptable: Proposal does not clearly meet the minimum requirements of the solicitation.
- Past Performance Rating
  - Acceptable: Based on the offeror's performance record, the Government has a reasonable expectation that the offeror will perform the required effort, of the offeror's performance record is unknown.
  - Unacceptable: Based on the offeror's performance record, the Government has no reasonable expectation that the offeror will be able to successfully perform the required effort.

Sources of Past Performance Information

- Provided by the offeror, as solicited
- Obtained from questionnaires tailored to the acquisition
- Obtained from any other sources available to the government
  - PPIRS
  - FAPIIS
  - eSRS
  - Other Databases
  - Interviews (PMs, KOs, and Fee Determining Officials, and DCMA)

Exchanges With Offerors

- Clarifications: are limited exchanged between the government and offerors that may occur when award without discussions is contemplated (like relevant past performance and/or adverse past performance information that has yet to be addressed)
- Communications: are exchanges between the government and offers after receipt of proposals, leading to establishment of the competitive range
- Discussions: are negotiations conducted in a competitive acquisition. Discussions take place after establishment of the competitive range.

Communications

- Conducted with offerors whose exclusion or inclusion in the competitive range is uncertain
- Are used to support the competitive range (see FAR 15.306):
  - Enhance the government's understanding of proposals
  - Allow a reasonable interpretation of proposals
  - Facilitate government's evaluation process
  - Leads to the establishment of competitive range
- Competitive range determined by KO with Approval of the SSA
- Competitive Range:
  - Comprised of all of the most highly rated proposals, unless the range is further reduced for purposes of efficiency
  - Eliminated offerors must be notified
  - Timely pre-award debriefs conducted

Discussions

- "Highly Recommended"
- Content is tailored to each offeror and the scope and extent is a matter of KO judgment, at a minimum must discuss:
  - Adverse Past Performance Information
  - Significant Weaknesses
  - Deficiencies
- Accomplished through release of Evaluation Notices (ENs) prepared by SSEB
  - Reviewed by KO and Legal Counsel prior to release
- ENs clearly indicate type of exchange (Clarification, Communication, Discussions)
- ENs addressing weaknesses or deficiencies must clearly state that a weakness or deficiency exists
- KO is encouraged to discuss other aspects of the offeror's proposal that could, in the opinion of the KO, be altered or explained to enhance materially the proposal's potential for award.
- <u>All discussions must be documented in writing</u>

DoD Source Selection Procedures, Cont.

Discussions

- The SSA may choose to award a contract on the basis of initial proposal without conducting discussions, IN RARE CIRCUMSTANCES
- RFP must contain 52.215-1
- Discussions cannot:
  - Favor one offeror over another
  - Reveal an offeror's technical solution
  - Compromise an offeror's intellectual property
  - Reveal another offeror's price
  - Reveal the names of individuals providing past performance information

Please contact the PARC Policy and Compliance Office with Questions:

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